

Table A-1: 2012-2014 Electric EEU Funds Performance Indicators and Awards

| PI# | Title | Performance Indicator | Target | Period | Incentive Weight | Form of Verification | Entity Responsible | Incentive Amount (100%) |
|-----|--|--|---|----------------------|------------------|-----------------------------|------------------------------|-------------------------|
| 1 | Electricity Savings | Annual incremental net MWh savings | 320,000 MWh (See Note 1) | 2012-2014 cumulative | 34% | Annual Verification Process | Department of Public Service | \$826,666 |
| 2 | Total Resource Benefits | Present worth of lifetime electric, fossil, and water benefits | \$271,088,000 (See Note 2) | 2012-2014 cumulative | 25% | Annual Verification Process | Department of Public Service | \$607,842 |
| 3 | Summer Peak Demand Savings | Cumulative net summer peak demand savings | 60,800 kW (See Note 3) | 2012-2014 cumulative | 20% | Annual Verification Process | Department of Public Service | \$486,274 |
| 4 | Summer Peak Demand Savings in Geographic Areas | Cumulative net summer net peak demand savings in designated summer peak geographic areas | TBD kW (See Note 4) | 2012-2014 cumulative | 10% | Annual Verification Process | Department of Public Service | \$243,137 |
| 5 | Business Comprehensiveness | TBD | TBD (See Note 5) | 2012-2014 cumulative | 5% | Annual Verification Process | Department of Public Service | \$121,568 |
| 6 | Market Transformation Residential | Residential new construction program participation in 2014 as % market share of total residential new construction permits in 2013 | 40% of Vermont 1-4 unit building permits (See Note 6) | 2014 | 3% | Annual Verification Process | Department of Public Service | \$72,941 |
| 7 | Market Transformation Business | Instances where an energy efficiency measure supply chain partner is attached to completed business project | 7,360 instances where a supply chain partner is linked to a business project (See Note 7) | 2012-2014 cumulative | 3% | Annual Verification Process | Department of Public Service | \$72,941 |
| | | | | TOTALS | 100% | | | \$2,431,370 |

DPS = Department of Public Service

Notes

- Note 1 The award is scaled as follows. Below 256,000 MWh (80% of the 100% Target Level) , VEIC earns no incentive. At 256,000 MWh VEIC earns 50% of the total incentive. The award shall be scaled linearly between 50% and 100% of the incentive amount for performance between 256,000 and 320,000 MWh. For performance greater than 320,000 MWh, VEIC can earn a set amount per MWh as provided for in Table A-3. However, VEIC's total performance incentive for Electric EEU Funds performance indicators may not exceed \$2,931,370.
- Note 2 The award is scaled as follows. Below \$203,316,000 (75% of the 100% Target Level) of TRB, VEIC earns no incentive. At \$203,316,000 of TRB VEIC earns 50% of the total incentive. The award shall be scaled linearly between 50% and 100% of the incentive amount for performance between \$203,316,000 and \$271,088,000 of TRB. For performance greater than \$271,088,000 of TRB, VEIC can earn a set amount per \$1 of TRB as provided for in Table A-3. However, VEIC's total performance incentive for Electric EEU Funds performance indicators may not exceed \$2,931,370.
- Note 3 The award is scaled as follows. Below 45,600 kW (75% of the 100% Target Level), VEIC earns no incentive. At 45,600 kW VEIC earns 50% of the total incentive. The award shall be scaled linearly between 50% and 100% of the incentive amount for performance between 45,600 and 60,800 kW. For performance greater than 60,800 kW, VEIC can earn a set amount per kW as provided for in Table A-3. However, VEIC's total performance incentive for Electric EEU Funds performance indicators may not exceed \$2,931,370.
- Note 4 The award is scaled as follows. Below [TBD] kW (TBD% of the 100% Target Level), VEIC earns no incentive. At [TBD] kW VEIC earns 50% of the total incentive. The award shall be scaled linearly between 50% and 100% of the incentive amount for performance between [TBD] and [TBD] kW. For performance greater than [TBD] kW, VEIC can earn a set amount per kW as provided for in Table A-3. However, VEIC's total performance incentive for Electric EEU Funds performance indicators may not exceed \$2,931,370.
- Note 5 The award is scaled as follows. Below [TBD] (TBD% of the 100% Target Level), VEIC earns no incentive. At [TBD] VEIC earns 50% of the total incentive. The award shall be scaled linearly between [TBD] and [TBD]. For performance greater than [TBD] VEIC can earn a set amount per [TBD] as provided for in Table A-3. However, VEIC's total performance incentive for Electric EEU Funds performance indicators may not exceed \$2,931,370.
- Note 6 The award is scaled as follows. Below 32% (80% of the 100% Target Level), VEIC earns no incentive. At 32% market share VEIC earns 50% of the total incentive. The award shall be scaled linearly between 32% and 40% market share. For performance greater than 40% market share VEIC can earn a set amount per 1% as provided for in Table A-3. However, VEIC's total performance incentive for Electric EEU Funds performance indicators may not exceed \$2,931,370.
- Note 7 The award is scaled as follows. Below 5,890 instances (80% of the 100% Target Level), VEIC earns no incentive. At 5,890 instances VEIC earns 50% of the total incentive. The award shall be scaled linearly between 50% and 100% of the incentive amount for performance between 5,890 and 7,360 instances. For performance greater than 7,360 instances, VEIC can earn a set amount per instance as provided for in Table A-3. However, VEIC's total performance incentive for Electric EEU Funds performance indicators may not exceed \$2,931,370.

Table A-2: 2012-2014 VEIC Electric EEU Funds Threshold and Scaling Up to 100% Target Level

PI #1: ELECTRICITY SAVINGS (MWh)

| | Minimum | 100% Target Level | Increase Rate |
|--------------|-----------|-------------------|--|
| Achievement | 256,000 | 320,000 | \$6.458 |
| % of target | 80% | 100% | Per MWh between 256,000 and 320,000 |
| % of award | 50% | 100% | |
| Award amount | \$413,333 | \$826,666 | |

PI #2: TOTAL RESOURCE BENEFITS

| | Minimum | 100% Target Level | Increase Rate |
|--------------|---------------|-------------------|--|
| Achievement | \$203,316,000 | \$271,088,000 | \$0.00448 |
| % of target | 75% | 100% | Per TRB Dollar between \$203,316,000 and \$271,088,000 |
| % of award | 50% | 100% | |
| Award amount | \$303,921 | \$607,842 | |

PI #3: SUMMER PEAK DEMAND SAVINGS (kW)

| | Minimum | 100% Target Level | Increase Rate |
|--------------|-----------|-------------------|-------------------------------------|
| Achievement | 45,600 | 60,800 | \$15.996 |
| % of target | 75% | 100% | Per kW between 45,600 and 60,800 |
| % of award | 50% | 100% | |
| Award amount | \$243,137 | \$486,274 | |

PI #4: SUMMER PEAK DEMAND SAVINGS IN GEOGRAPHIC AREAS (kW)

| | Minimum | 100% Target Level | Increase Rate |
|--------------|-----------|-------------------|-------------------------------|
| Achievement | TBD | TBD | TBD |
| % of target | TBD | 100% | Per kW between TBD and TBD |
| % of award | 50% | 100% | |
| Award amount | \$121,568 | \$243,137 | |

PI #5: BUSINESS COMPREHENSIVENESS

| | Minimum | 100% Target Level | Increase Rate |
|--------------|----------|-------------------|--------------------------------|
| Achievement | TBD | TBD | TBD |
| % of target | TBD | 100% | Per TBD between TBD and TBD |
| % of award | 50% | 100% | |
| Award amount | \$60,784 | \$121,568 | |

PI #6: MARKET TRANSFORMATION RESIDENTIAL

| | Minimum | 100% Target Level | Increase Rate |
|--------------|----------|-------------------|------------------------------|
| Achievement | 32% | 40% | \$4,558.818 |
| % of target | 80% | 100% | Per % between 32% and 40% |
| % of award | 50% | 100% | |
| Award amount | \$36,471 | \$72,941 | |

PI #7: MARKET TRANSFORMATION BUSINESS

| | Minimum | 100% Target Level | Increase Rate |
|--------------|----------|-------------------|---|
| Achievement | 5,890 | 7,360 | \$24.810 |
| % of target | 80% | 100% | Per Instance between 5,890 and 7,360 |
| % of award | 50% | 100% | |
| Award amount | \$36,471 | \$72,941 | |

Table A-3 2012-2014 VEIC Electric EEU Funds Scaling Above 100% Target Level

| Performance Indicator | 100% Target Level | Increase Rate | Units |
|--|-------------------|---------------|---|
| PI #1: ELECTRICITY SAVINGS (MWh) | 320,000 | \$10.625 | per MWh above <i>100% Target Level</i> |
| PI #2: TOTAL RESOURCE BENEFITS | \$271,088,000 | \$0.009 | per \$ above <i>100% Target Level</i> |
| PI #3: SUMMER PEAK DEMAND SAVINGS (kW) | 60,800 | \$32.895 | per kW above <i>100% Target Level</i> |
| PI #4: SUMMER PEAK DEMAND SAVINGS IN GEOGRAPHIC AREAS (kW) | TBD | TBD | per kW above <i>100% Target Level</i> |
| PI #5: BUSINESS COMPREHENSIVENESS | TBD | TBD | per TBD above <i>100% Target Level</i> |
| PI #6: MARKET TRANSFORMATION RESIDENTIAL | 40% | \$7,500.002 | per % above <i>100% Target Level</i> |
| PI #7: MARKET TRANSFORMATION BUSINESS | 7,360 | \$40.761 | per unit above <i>100% Target Level</i> |

Table A-4: 2012-2014 VEIC Electric EEU Funds Minimum Performance Requirements

| MPR# | Title | Minimum Requirement | Policy Goal Advanced | Form of Verification | Entity Responsible | Performance Incentive Award Reduction % | Financial Impact |
|------|--|---|---|-------------------------------------|------------------------------|--|------------------|
| 8 | Minimum Electric Benefits | Total electric benefits divided by total costs is greater than 1.2 | Equity for all Vermont electric customers as a group by assuring that the overall electric benefits are greater than the costs incurred to implement and evaluate the <i>EEU</i> and the <i>EEC</i> | Tracking System | Department of Public Service | Eliminates 100% of performance incentive award | \$2,931,370 |
| 9 | Threshold (or minimum acceptable) Level of Participation by Residential Customers | Total residential sector spending is greater than \$22,000,000 | Equity for residential customers by assuring that a minimum level of overall efficiency efforts, as reflected in spending, will be dedicated to residential customers | Accounting System | Department of Public Service | Reduces total performance incentive award at <i>100% Target Level</i> by 18% | \$437,647 |
| 10 | Threshold (or minimum acceptable) Level of Participation by Low-Income Households | Total low-income single and multifamily services spending is greater than \$7,500,000 | Equity for low-income customers by assuring that a minimum level of overall efficiency efforts, as reflected in spending, will be dedicated to low-income households | Accounting System | Department of Public Service | Reduces total performance incentive award at <i>100% Target Level</i> by 18% | \$437,647 |
| 11 | Threshold (or minimum acceptable) Level of Participation by Small Business Customers | Number of total non-residential premises with annual electric use of 40,000 kWh/yr or less that acquire kwh savings is greater than 1,950 | Equity for small business customers by assuring that a minimum level of overall efficiency efforts, as reflected in participation, will be dedicated to small business accounts | Tracking System | Department of Public Service | Reduces total performance incentive award at <i>100% Target Level</i> by 18% | \$437,647 |
| 12 | Geographic Equity | TRB for each geographic area is greater than values shown on Table A-5 | Geographic equity for all Vermont electric customers by assuring that energy efficiency benefits are geographically distributed on an equitable basis | Tracking System | Department of Public Service | Reduces total performance incentive award at <i>100% Target Level</i> by 6% | \$145,882 |
| 13 | Administrative Efficiency - Management Span of Control | Maintaining a supervisor-to-staff FTE ratio of 8.5-to-1 or greater | Maintaining an appropriate supervisor-to-staff ratio allows Efficiency Vermont management to efficiently assess and evaluate departmental and individual performance. | Quarterly Report of Staffing Ratios | Department of Public Service | Reduces total performance incentive award at <i>100% Target Level</i> by 2% | \$48,627 |
| 14 | Administrative Efficiency - Key Process Improvements | Meet all pre-determined milestones on schedule | To clearly identify, document, and measure key business processes associated with Efficiency Vermont's delivery of services under the Order of Appointment | Tracking Report | Department of Public Service | Reduces total performance incentive award at <i>100% Target Level</i> by 2% | \$48,627 |

DPS = Department of Public Service

**Table A-5: 2012-14 Minimum TRB per Geographic Area
for Minimum Performance Requirement #5
Electric EEU Funds**

| Geographic Area | Required TRB per Geographic Area for MPR #5 | % by County |
|------------------------|--|--------------------|
| Addison | \$8,691,999 | 6.3% |
| Bennington | \$8,763,762 | 6.4% |
| Caledonia | \$7,371,474 | 5.4% |
| Chittenden | \$26,941,161 | 19.6% |
| Essex/Orleans | \$7,916,775 | 5.7% |
| Franklin | \$11,270,965 | 8.2% |
| Grand Isle | \$1,645,345 | 1.2% |
| Lamoille | \$5,777,591 | 4.2% |
| Orange | \$6,830,659 | 5.0% |
| Rutland | \$14,551,267 | 10.6% |
| Washington | \$14,053,651 | 10.2% |
| Windham | \$10,507,780 | 7.6% |
| Windsor | \$13,377,572 | 9.7% |
| Total | \$137,700,000 | 100.0% |

Note: All geographic names above refer to Vermont Counties.

Calculation of PI Payments Between Minimum Threshold and 100% Target

| <u>PI#</u> | <u>Minimum</u> | <u>Incentive \$ 100% Target</u> | <u>Increase Rate To Be Spread</u> | <u>Per Unit</u> |
|---------------------|----------------|-------------------------------------|---------------------------------------|-----------------|
| 1 MWh | 256,000 | 320,000 | \$413,333 | \$6.458 |
| 2 TRB | \$203,316,000 | \$271,088,000 | \$303,921 | \$0.00448 |
| 3 Summer kW | 45,600 | 60,800 | \$243,137 | \$15.996 |
| 4 GT Summer kW | TBD | TBD | \$121,568 | TBD |
| 5 Comprehensiveness | TBD | TBD | \$60,784 | TBD |
| 6 MT-Residential | 32% | 40% | \$36,471 | \$4,558.818 |
| 7 MT-Business | 5,890 | 7,360 | \$36,471 | \$24.810 |

Calculation of Superstretch PI Payments if Targets Exceeded

Total Possible Incentive to be Earned = \$2,931,370
 Super Stretch Incentive = \$500,000
 Percent Increase for Superstretch = 5%

| | | "Super Stretch" Weighting, Based on "SuperStretch" Target | | "Super Stretch" Weighting, Based on Table A-1 | | | |
|------------|--------------------|--|--|--|--------------------------|----------------------|--|
| PI# | 100% Target | Target | | | Incentive Dollars | Increase Rate | |
| 1 | 320,000 | 336,000 | | 34% | \$170,000 | \$10.6250 | |
| 2 | \$271,088,000 | \$284,642,400 | | 25% | \$125,000 | \$0.0092 | |
| 3 | 60,800 | 63,840 | | 20% | \$100,000 | \$32.8947 | |
| 4 | TBD | TBD | | 10% | \$50,000 | TBD | |
| 5 | TBD | TBD | | 5% | \$25,000 | TBD | |
| 6 | 40% | 42% | | 3% | \$15,000 | \$7,500.0024 | |
| 7 | 7,360 | 7,728 | | 3% | \$15,000 | \$40.7609 | |
| | | | | 100.00% | \$500,000 | | |